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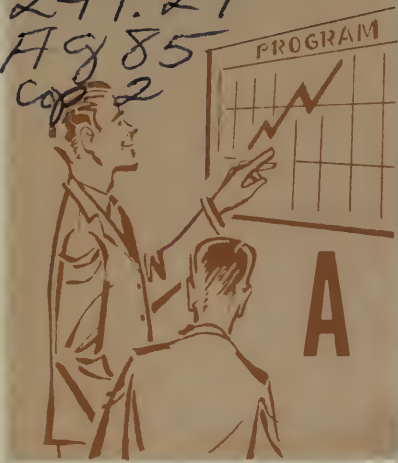
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# A MANAGEMENT REPORT

## **A**ccomplishments of USDA

in

## **I**mproved Administration

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UNITED STATES DEPARTMENT OF AGRICULTURE

Prepared by

Office of Management Appraisal and Systems Development

September 10, 1962

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DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON

September 10, 1962

To: The Secretary

From: Joseph M. Robertson  
Administrative Assistant Secretary

Subject: Accomplishments of USDA in Improved Administration

In response to your directive in June 1961 to begin a thorough modernization of management in the Department of Agriculture, we have begun applying creative new management tools to our operation. Old administrative techniques could not be used to manage an operation of the magnitude of this Department — nor could they be adapted to the dynamic changes needed to meet current service demands. This report describes examples of the progress we have made.

Massive changes are underway in the Department. New procedures are being instituted and developed to establish managerial control of a Department which has been historically likened to a loose confederation of semi-autonomous agencies. Leadership, electronics and hard work are being fused to correct situations which have gone unchecked for years. These problems flow from four basic sources:

1. The USDA has grown in a piecemeal, uncoordinated fashion. It grew to its present form in response to the legislative assignments over the years and in response to myriad pressures from several sources. It







helps farmers grow better food and fiber, but it also helps processors, shippers and retailers do a better job of getting it to the consumer — who ultimately benefits from all this activity.

2. Legislation affecting the basic agriculture commodities has been enacted in response to immediate problems — almost on an emergency year-to-year basis without full consideration of the rapid changes taking place in agriculture. At the beginning of 1961, for example, the nation faced a shortage of storage space to handle the surpluses which had built up during the past decade. At the end of 1961, the situation had reversed itself completely — there was a surplus of grain storage space.

3. The Secretary lacks the management controls necessary to carry out his management responsibility. Lines of authority are confused. A tradition of agency independence — with direct liaison between outside pressure groups, the Congress, and others has long existed.

4. The delicate balance between the need for central policy formulation and decentralized administration — exemplified in the operation of the farmer-committee system — has not been adequately maintained.

Some of the reforms which have been initiated — and some of the changes to come — to modernize the administrative machinery of the Department and to establish managerial authority where the responsibility rests are discussed in this report.

To improve the administration of the Department — as a going organization — with the developments and problems attendant to change — is a major challenge. The policies which you have established — and



the specific steps which have been taken to implement them — are paying off. The infusion of the policy of action and improvement has permeated the Department, and a practical, constructive start has been made. We now have strong Department leadership, enthusiastic support of employees, and a climate of acceptance for new ideas and improvements — the basic requirements for progress.

We have a long way to go — but we are on our way.



## APPLYING ELECTRONICS FOR BETTER SERVICE

The Department of Agriculture is moving rapidly toward use of electronic computers to consolidate some basic operations, cut costs, and serve the public better.

Automation will permit the USDA to store and draw upon vast amounts of information that otherwise are difficult to use adequately.

It will enable the Secretary of Agriculture to exercise a greater measure of control over a decentralized department. It will allow him and his administrators to base decisions on a broad and continuing view of the progress of programs. Such a current view of the far-flung operation is not possible now because of the time and work it takes to communicate reports from the field through channels to the Secretary in Washington.

Some of our basic administrative procedures are much the same as they were 50 years ago.

Automatic data processing will be used to consolidate all Department payroll, and certain personnel and budget operations. This can reduce the cost of these services, common to all agencies and offices, from \$3.3 million to \$1.8 million a year -- a saving of \$1.5 million.

Computers also will be employed to provide raw material rapidly for use in making management decisions, to help the right man find the right job, and measure the effectiveness of money and manpower.





The cost of conversion to data processing will be about \$1 million, and the cost will be recovered in the second year of operation.

Consolidating Personnel, Payroll, and Budget Operations

Personnel work now performed in 130 offices across the country and payroll operations handled in 87 of these same offices will be concentrated into one data processing center owned by USDA in New Orleans.

Consolidation will eliminate some 17,000 reports on state and federal income tax withholding, health and insurance plans, employment, transfers of personnel and others. It will formally begin operation in early 1963. Conversion will be completed by midyear.

This center will compute the pay of some 100,000 employees and payroll costs for the Department. Information from payroll and personnel records will be fed into the computer, which will keep records on employee position, salary, deductions, and so on. The computer will keep a record for each employee and will produce a magnetic tape to be sent to the Treasury so checks can be issued.

Secondly, a personnel reporting system will handle records on all classified positions and retirement, compute statistics, and prepare records for the more than 6,000 persons who retire annually.

Finally, a system will gather, analyze, and report financial information. At first the information gathered will apply only to employment and salary costs. The computer will prepare monthly



reports of employee time worked and salary costs, and compare these against objectives. It will supply statistics and summaries for use in preparing annual budget estimates. Some reports will compare administrative support costs with direct program costs. This can be expanded to keep track of all Department costs.

This is the first phase. Obviously, each system will produce data that can be used by the others. They will also produce data to be used in the second phase:

#### Application in Personnel and Management Decisions

The second phase will apply mathematical computer programs to produce information for use in filling certain jobs and to gauge whether programs are moving on schedule. The use of mathematics and science in this area is known as operations research.

It is hoped that this phase can begin operation in early 1964. On a preliminary basis, a system to check the use of money and manpower and progress of programs is being operated for the Soil Conservation Service by the New Orleans Data Processing center.

A computer center in Washington will store exhaustive current information on 34,000 scientific, professional, executive, and technical employees. It sometimes takes many people long hours to comb through voluminous personnel files to find a man with specific qualifications for a special job. Automation will provide on request the names of persons qualified to fill a certain job.



The personnel system will keep data on employees' experience, evaluations and ratings, their personal career goals. Like the U.S. Civil Service Commission, the system will assign weights or values to qualifications to be considered. These values for experience, performance, promotions, physical condition, language ability, etc. will be filed in the machine.

Let us say, for example, an agency wants an economist, about 40 years old, with experience in organizing agricultural cooperatives, with market experience and language ability, and with other special qualifications, for the job of agricultural attache in a critical post overseas. It could enter this request into a machine that rapidly can select five or ten or twenty most qualified persons from among thousands of employees all over the country. Without automation, it would take scores of employees in various locations perhaps weeks to arrive at a similar conclusion.

The system gives the Secretary and administrators a wide view of the capabilities of 34,000 employees with special skills.

Secondly, a financial analysis system will show how effectively USDA is using its \$6.7 billion expenditure at any point in the year. It will also show how effectively manpower is being utilized.

Analysis of dollar and manpower effectiveness can be applied only to those occupations where the workload can be measured with accuracy. Certain types of work cannot be measured for this purpose.





Those occupations which can be measured account for a majority of the money spent.

The system will give raw information on the progress of programs to permit management to revise operations, programs, personnel assignment, and future plans, if necessary.

Standards of work performance will be entered into the computer, along with a breakdown of how manpower is distributed by program, appropriation and agency. Regular reports from employees in the field will flow directly into the machine.

By entering a request into the computer, one can rapidly find out whether money and people are being applied properly to carry out a program.

The machine will indicate where the use of these resources is falling behind schedule, or running ahead. The machine will not make any decisions but will provide the critical information and perhaps offer several possible actions. The system will enable administrators to shift resources, or make other decisions and be in close touch with performance in the field.

This integrated management system is called MODE -- Management of Objectives with Dollars through Employees. MODE was conceived, developed and implemented by employees drawn from every agency in the Department.



## ESTABLISHMENT OF THE OFFICE OF THE INSPECTOR GENERAL

The Office of the Inspector General was established by the Secretary on June 25, 1962. This Office reports directly to the Secretary. The Secretary stated when he established this organization that the Office --

" . . . must provide an avenue for evaluating existing laws, regulations, procedures and practices, and must insure a prompt and thorough investigation of any alleged wrongdoing, followed by appropriate corrective action that provides due recognition of both the rights of the individual employee and the right of the public to honest and efficient service."

The Department of Agriculture is highly decentralized both organizationally and geographically; hence the principal objective of the Inspector General is to assure the Secretary that his policies and programs are being fully implemented at every level of administration. The Inspector General will --

- (a) Have broad responsibility for policy and program direction of all internal audit and investigative activities in the Department.
- (b) Review, inspect, and appraise audit and investigative activities conducted in the Department's agencies to assure adequate coverage of all program and administrative operations of the Department by technically qualified personnel.



- (c) Develop and recommend policies and regulations to assure prompt identification of any failures to carry out assigned responsibility under the law and policies of the Department.
- (d) Maintain a system of controls to insure that all necessary remedial actions pointed up by audits and investigations are promptly and decisively taken.
- (e) Request agency heads to conduct such special audits and investigations, including follow-up and corrective actions, as deemed necessary.
- (f) Initiate and conduct such audits and investigations as may be necessary in this discharge of his responsibilities.

The work of the Office of the Inspector General will be conducted in cooperation with the operating agencies which have been directed to give priority attention to requests of the Office. This Office will be the medium for the coordination and correlation of all independent internal audit, inspection, and investigative activities within the Department.





ESTABLISHMENT OF THE  
OFFICE OF MANAGEMENT APPRAISAL AND SYSTEMS DEVELOPMENT

The Office of Management Appraisal and Systems Development (OMASD) was established by the Secretary on December 8, 1961. The Office is under the general direction and supervision of the Administrative Assistant Secretary. The establishment of this Office is a direct result of the Secretary's concern over the rising costs of administrative and operating activities in carrying out agriculture programs. The need for a critical analysis of our management and program activities and for aggressive action toward more efficient and economical operations was emphasized by the Secretary in his memorandum establishing the Office:

"The effective and economical administration of the programs of the Department of Agriculture is a matter of concern to the public, the Congress, and must be of concern to each official and employee in this Department. It is the responsibility of each staff office, within its area of assigned responsibility, to provide leadership, direction, and assistance to agencies in achieving the most efficient administration of the Department's resources: manpower, money, materials."

"Staff offices and agencies alike should critically analyze and review all management and program policies and practices on a continuing basis to achieve optimum operating effectiveness



and economies. By working together, the staff offices and the agencies can carry out our agricultural programs in the manner which the farmer, the public, and the Congress expect."

The Office of Management Appraisal and Systems Development will provide general direction, leadership, and coordination in the Department for management appraisals, systems design, automatic data processing, operations research, and related management techniques. This Office will be responsible for initiating appraisals of operating procedures, directing task force studies of systems having Department-wide implications, and providing technical guidance and assistance to agency officials in planning and developing management policies, programs, and systems to achieve maximum effectiveness and economies. The work of this Office will be conducted in cooperation with, and with the assistance of, the operating agencies of the Department.



CONSOLIDATION OF  
AGENCY OFFICES AND COMMON SERVICES

Over 90% of Agriculture employees are stationed outside of Washington. Management of programs is highly decentralized. Authorities are highly decentralized -- but the coordination of management functions between agencies is poorly organized. The work of the agencies can be coordinated and consolidated with resulting improved efficiency and economy.

One important project -- now underway -- provides for consolidating agency field offices which serve the same geographical areas, such as county, state, or region. Secretary's Memorandum 1492 states the policy for this program. Included is the physical consolidation of offices as well as the consolidation and coordination of administrative functions common to all agencies. Primary responsibility for this program has been placed with agencies; technical and administrative assistance is provided by staff offices of the Department. Representatives from all agencies that have offices in a state operate as a committee to carry out the objectives. They select their own chairman, vice chairman, and secretary -- their actions and recommendations are formalized. Each of the states and Puerto Rico have now completed committee organization. An inventory soon will be completed which will facilitate establishing a priority list of locations needing attention.

Agency state offices at Little Rock, Arkansas and Richmond, Virginia have recently occupied space in new Federal Buildings; a new





leased building at Temple, Texas, houses the State Office of the Farmers Home Administration, a Regional Office of the General Counsel, and the Area Investigation and Audit Offices of the Agricultural Stabilization and Conservation Service; the Departmental Computer Center at Kansas City, Missouri, in addition to housing various units of the Agricultural Stabilization and Conservation Service provides space for the Regional Office of the General Counsel and the Branch Office of the Federal Crop Insurance Corporation, formerly in Chicago, Illinois.

Contracts have been awarded for leased buildings to house Agriculture agency state offices at Montgomery, Alabama; Alexandria, Louisiana; and Orono, Maine. We are working with the General Services Administration to provide consolidated offices for our agencies at Casper, Wyoming and Portland, Oregon. In addition, plans are underway to provide more suitable space for our state offices at Syracuse, New York; Indianapolis, Indiana; and Columbus, Ohio.

At the county level, the State Administrative Committees are giving careful consideration to consolidated housing when it is necessary to move or establish offices.

With consolidated housing will come opportunities for joint common services in such management areas as accounting, personnel, space and procurement activities. This new emphasis on coordinating management skills will result in improved efficiency and economy.



## DEPARTMENTAL COMPUTER CENTERS

Automatic data processing equipment is being used extensively in the Department and is expected to increase in the future. To lower costs and to obtain more advanced management tools for the conduct of research and of program and administrative operations, large computers must be used.

Many organizations of the Department need to use computers and related ADP equipment. In addition, time is needed for Department applications and systems serving all Departmental agencies. For most efficient and economical operations, these large computers must be used to the maximum of their capacity.

It is the policy of the Department to consider -- in each case -- the use of large computers in the Department for the servicing of Department agencies. This includes a review of computer and related ADP operations located in the same city, or other locations, to determine the economy and associated advantages, which would result from a consolidation of all or a part of the equipment.

At the present time, large computers are either in use, or on order, by agencies of the Department at three locations. Responsibility for the management and direction of computer operations at these locations rests with the agencies now financing and managing these operations. To provide for the most economical use of large-scale computers and to assure Department-wide consideration in developing



plans for their use, the Secretary, on July 31, 1962, designated the following computer installations as Department Computer Centers:

ASCS - Kansas City Data Processing Center

ASCS - New Orleans Data Processing Center

SRS - Washington Data Processing Center

The Office of Management Appraisal and Systems Development will be responsible for recommending to the Secretary the establishment of any additional Data Processing Centers.

ASCS - Kansas City Data Processing Center

A data processing center was established in Kansas City, Missouri, by Agricultural Stabilization and Conservation Service primarily for grain operations.

The first work at the center will be that now carried out in five different ASCS offices. The first phase will be the accounting for loans under the grain price support program. Later, accounting for that grain, which becomes CCC inventory, will be accomplished at the center.

The elimination of five separate sets of accounts and the reduction in manpower for servicing and maintaining these accounts are expected to result in savings -- the estimated cost reduction is almost two million dollars.

Data now processed in state and county offices and other offices of ASCS will be transferred to the center when desirable. As concepts are refined, information available from the DPC will provide





more useful management tools. Mathematical techniques will be applied to the solution of agricultural and inventory management problems.

This agency is also centralizing the personnel and administrative services for its Western Region, the Data Processing Center and the Kansas City Commodity Office. The reduction in the costs of these services is estimated to be in excess of \$65,000.

#### ASCS - New Orleans Data Processing Center

The computer operations in New Orleans, Louisiana were established by Agricultural Stabilization and Conservation Service primarily for cotton operations. The computer at this location is the only Government-owned computer in this Department.

The initial phases of the MODE system -- discussed elsewhere in this report -- will be conducted at this location. The first payrolls and related data -- from this completely centralized system -- are scheduled for January 1963.

This Center is presently performing work for other agencies in the Department. The following examples illustrate the results of effective utilization of computer equipment in operations -- and the overall economies to the Department:

#### Dairy Herd Improvement Program Records

The conversion of the dairy herd and sire proving program records to a system using high speed computers has resulted in savings in personnel -- capability for handling a much larger volume of data -- and most important, capacity to handle promptly a large increase in information. This service is highly prized by the dairy industry.



Over six million records on 2,798,323 cows were maintained in this system in 1962 compared with four million records in 1960 -- at no increase in total cost.

A sharp reduction has been accomplished in the man-years required to perform this function. The approximate number of personnel dropped from 60 in 1960 to 44 in 1961 and 22 in 1962.

The greatest accomplishment has been in the amount of data handled and information provided. For example 20,000 sire studies can be completed annually, compared with 5,000 studies previously conducted. A special study was completed in December 1961 which resulted in the Tabulation of Dairy Herd Improvement Association Records of Daughters of Artificial Insemination Sires. This gives across-the-board information and evaluation on sires used in the industry since 1939 -- information long desired by the dairy industry. It is the first time an up-to-date accumulation of these data has been available.

The extent of the increase in information can be illustrated by the following. If the present amount of information were provided under the old method, from 200 - 250 employees would be required to equal the output of the 22 employees using a computer. Obtaining this information would be impractical without an automatic data processing system.



### Time and Progress Reports - Soil Conservation Service

As a direct result of the Department's efforts to effectively utilize computer equipment, all contracts for automatic data processing services were inventoried and analyzed. Two of these contracts -- with private firms and totalling approximately \$300,000 annually -- provided a time and progress analysis for programs under the direction of the Soil Conservation Service. This work involved compiling data from approximately 18,000 individual time reports and approximately 13,000 to 14,000 progress reports by field technicians each pay period.

These compilations are used as support for cost based budgets and the management of resources. The compilations on a current basis provide management with an analysis of manpower utilization. On July 1, 1962 this computer work was transferred to the New Orleans Data Processing Center. Our cost will be reduced and -- based on current reports -- service will be materially improved.





## OPERATIONS RESEARCH

Several agencies of the Department of Agriculture have applied mathematical computer techniques--operations research--to specific functions where large amounts of information must be filed and called upon. The Department-wide effort in this field, as we have seen, is applied to services common to many agencies and offices.

### Forest Fires Research -- Equipment Management Research

The Forest Service has organized two operations research groups. These groups work in close cooperation with the operations research staff at the University of California. One group is engaged in forest fire research and the other in finding solutions to specific management problems.

Data on occurrence, fire control action and accomplishments on past forest fires yields -- through operations research -- a wealth of information on relative effectiveness of different detection, communication, transportation, initial attack systems and procedures, and dispatching practices. Operations research techniques will be used to analyze current fire suppression organization and management practices, factors affecting individual and crew performance and ground and aerial equipment use. Improvements -- through this research -- can lower fire costs and losses.

In the management area, operations research techniques are being used to determine when ownership is more practicable than contracting for heavy equipment and aircraft needs. Studies are planned on



equipment replacement, inventory management and control, location of field offices and warehouse facilities, and transportation planning.

### Grain Blending

Normally warehouse receipts are selected manually by a clerk while filling loading orders. All necessary computations are performed manually with adding machines or desk calculators. Since it is quicker and easier to fill a loading order with warehouse receipts for large lots of grain, receipts for smaller lots tend to be shunted aside.

To overcome these problems and to obtain blends most advantageous to the Department, linear programming techniques have been applied to the problem with the aid of a computer. One method was selected as the most feasible for considering simultaneously all receipts associated with one warehouse, and then selecting those receipts for surrender that represent the least value while fulfilling commitments for quality.

The blend programs accomplish three objectives. For the convenience of the warehousemen and examiners, preference is given to selecting older receipts. This is a service function and no monetary value is placed on it. Small receipts are selected in preference to larger receipts -- this affects the time required on the computer and reduces administrative costs. Blending -- the selection of receipts which individually have a lower market value than the composite -- produces inventory quality gains. The value of this gain is the market value of the blend less the market value of the individual warehouse receipts in the blend.

The blend programs provided the link between the quality desired



and the identity of the specific warehouse receipts to be surrendered to the warehouse with the order at less cost than by individual selection.

The mathematical selection has value for any inventory placed on a computer -- value in the form of efficient system functioning, program gains, computer time reduction, and scientific management tool development.

The techniques developed in the blending programs have been used in actual production in the Dallas Commodity Office of the Agricultural Stabilization and Conservation Service. The selection of warehouse receipts has been operational on wheat and grain sorghum for over two years. The experience has proven the validity of this method. Consideration is now being given to the extension of these techniques -- to other commodities and to the national inventory -- by the Kansas City Data Processing Center.

#### Inventory Management

A complete data processing system for CCC inventory management is currently under consideration by the Agricultural Stabilization and Conservation Service. A part of this system is the selection of warehouse receipts in a specific warehouse. A second part, that of determining the optimum quality of inventory to be moved in or out of a warehouse, may use many of the techniques developed in the blending programs.

Additional areas of operations research applications in the inventory area are being investigated. One of these is the transportation problem. This will include the selection of transit rights and the determination of optimum points from and to which deliveries of inventory should be made.







## SELF-SURVEY OF DEPARTMENT OPERATIONS

Soon after his appointment as Secretary of Agriculture, Secretary Freeman inaugurated a pioneering effort in the Department -- "The Self-Survey." Secretary Freeman's previous experience, as Governor of the State of Minnesota, indicated that this approach to effecting improvements in public administration was very productive. The self-survey approach was formally established in the Department by the Secretary on December 15, 1961. At that time the Secretary emphasized the need for complete cooperation of all Department officials and the need to effectively utilize the talents and technical skills of Department personnel to accomplish improvements in all Department operations -- and stated --

"We are pioneering in an effort to make the Department more effective in serving the farmers, consumers, business and -- most important -- the taxpayer. I ask each person to take advantage of this opportunity."

The experience in the Department to date indicates that the basic principles can be applied to a wide range of efforts to effect improvements in the operations of the Department. The development of MODE, discussed elsewhere in this report, is an example of the use of these techniques for the development of a Department system.

This self-survey approach is equally effective in management appraisals. Generally, these appraisals of management operations are made: (1) to evaluate operating systems, (2) to identify areas of



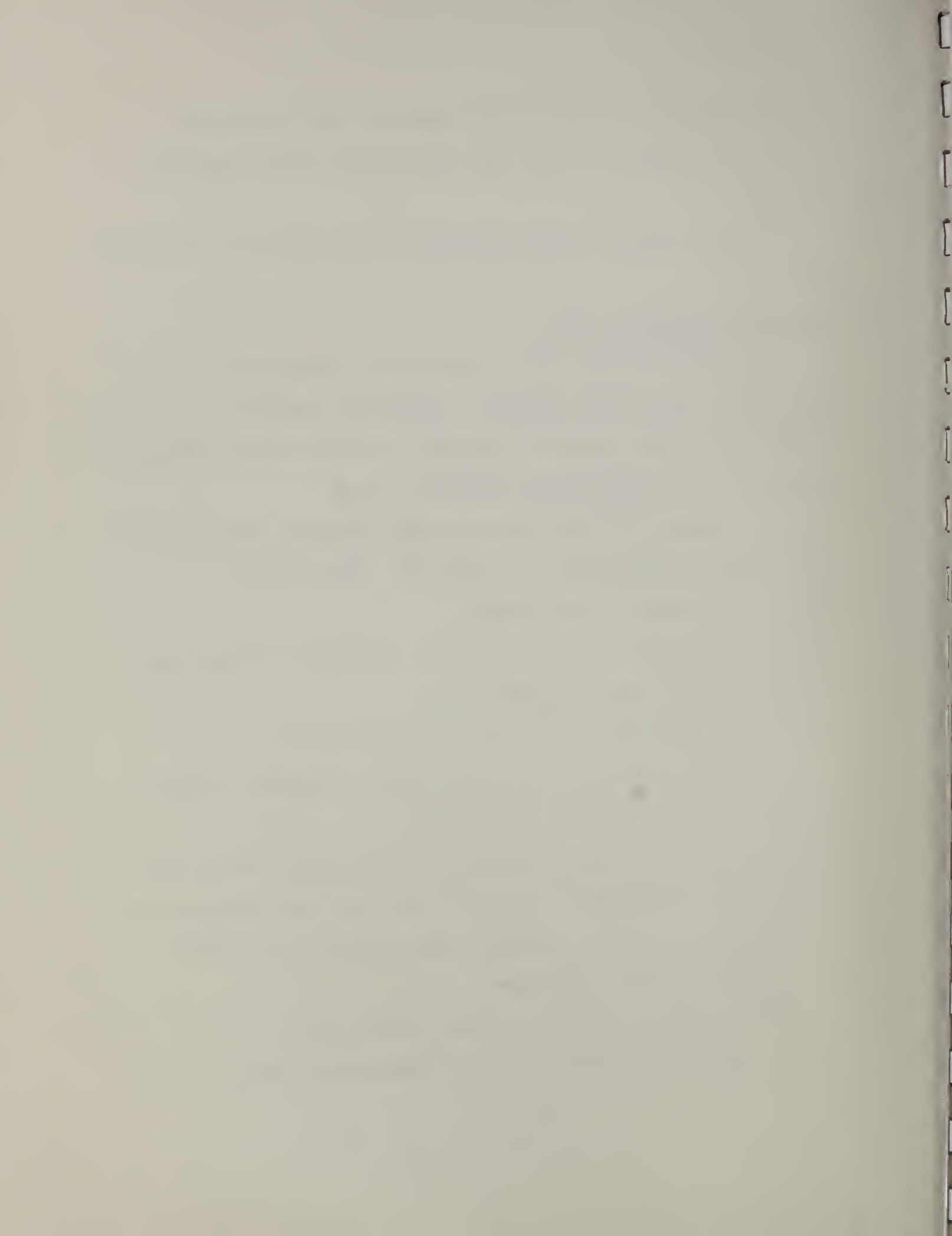
potential improvements, and (3) to find better ways to carry out authorized programs at minimum cost and with the minimum number of personnel.

Specific examples of the application of the self-survey principles are --

Management Appraisal -- FCIC

In the latter half of 1961, a task force -- employees from the staff offices and several agencies -- conducted a management appraisal in the Federal Crop Insurance Corporation. The task force recommended a number of organizational and procedural changes.

1. Elimination of duplication of audit insurance documents:
  - (a) Eliminated about 30 positions - GS-3 to GS-11.
  - (b) Reduced clerical space.
  - (c) Savings in office equipment, furniture, and machines.
  - (d) Eliminated duplicate files:
    - (1) Seven hundred file cabinets released.
    - (2) Five thousand square feet of floorspace released (\$20,000 - annual rent).
2. Simplified insurance program, developed sales training aids, and increased participation at lower cost per insurance unit.
3. More efficient and economical use of current staff in expanded program operations.
4. Use Department ADP facilities in Kansas City.
5. Decentralized functions from the Washington office.



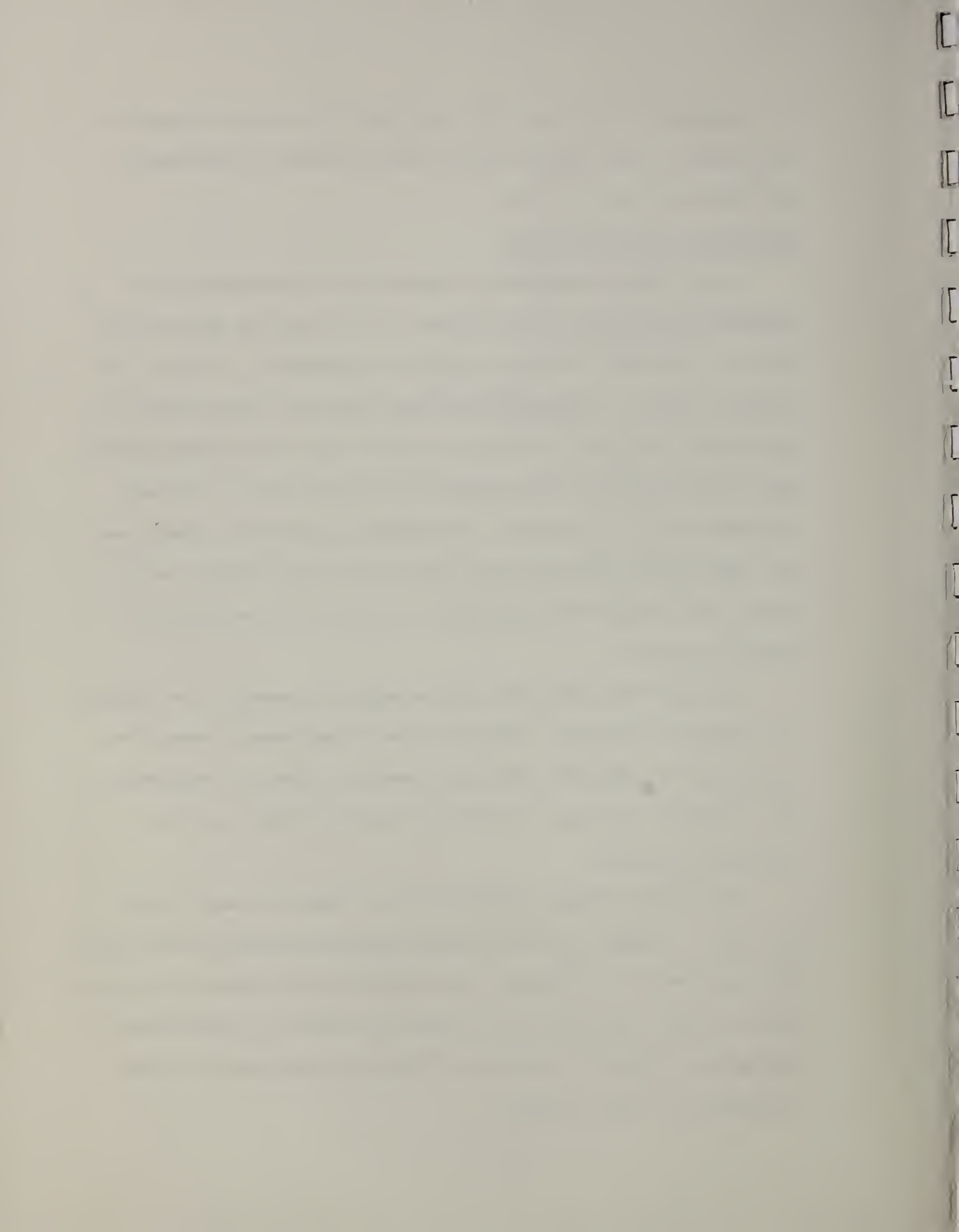
Savings in fiscal year 1963 from these actions are estimated to be \$230,000. These savings will be used to finance an increase in the insurance program in 1963.

#### Information Retrieval System

A task force is studying the feasibility of developing an information storage and retrieval system for the National Agricultural Library. Research, including research in Agriculture, is one of the mightiest tools for maintaining American leadership and well-being in industrial, biological, economic and other fields of national endeavor. Next to the scientist, the availability of information is the most important factor in research. The National Agricultural Library has the responsibility for providing agricultural and biological information on a national basis and plays a critical role in effective research programs.

In recent years there has been an explosive growth in the quantity of scientific literature. There has been a simultaneous demand from scientists for exhaustive literature searches as well as requirements for information existing in numerous scientific fields, and in a variety of languages.

Conventional library techniques are no longer adequate to meet the needs. Perhaps the solution lies in the development of new systems involving the use of electronic data processing for information storage and retrieval. The task force is exploring aspects of the National Agricultural Library's operations to determine the feasibility and desirability of such a system.





### Mail Study

A task force is studying Washington, D. C. mail operations. The study is covering many aspects of mail operations, including the problem of slow service, particularly after the heavy weekend mail, and the large requirements for space and personnel. Approximately one in 40 persons is engaged full time in handling of mail.

Over 52,000,000 pieces, including internal mail, are handled annually. This requires 189 man-years and 22,055 square feet of space.

Because of the problems in the delivery of weekend mail several agencies have rented post office boxes to be used exclusively for mailings from field offices of such items as time and attendance reports. This practice was initiated to get around the weekend jam.

Consideration is being given to fuller utilization of the pneumatic tube system which is currently utilized at less than 5% of its engineered load capacity. Other improved mail methods and practices should improve the speed and quality of service.

It is believed that service can be improved substantially and that the space and personnel required in mail operations can be reduced.

### Mailing List Study

Over 1800 separate mailing lists are maintained in the Department in Washington, D. C. At least 15 days are required to change a list -- add a name, cancel a request, or correct an address. A separate change is required for each list. A new need requires a

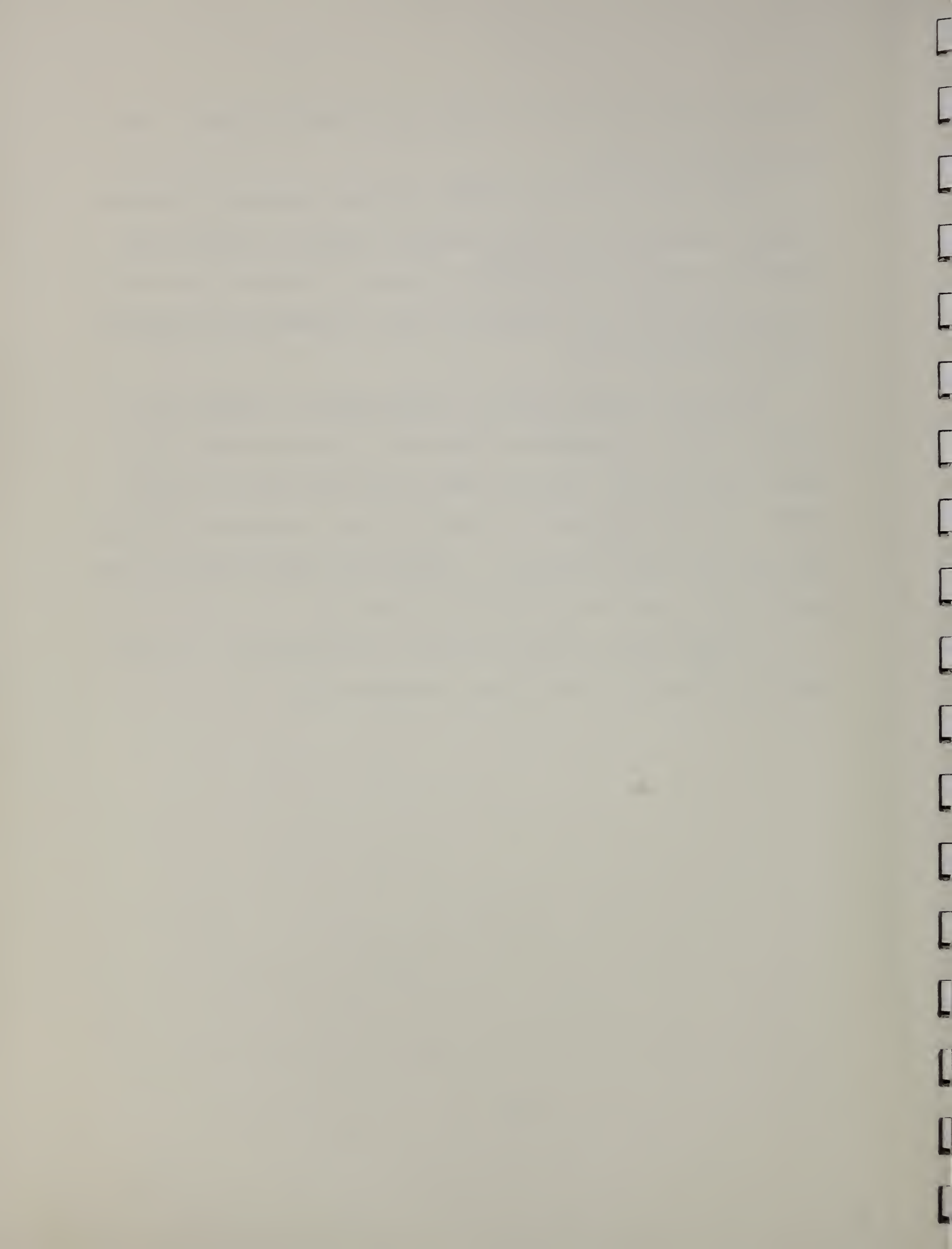


new list, or the use of several lists to get complete coverage -- but with excessive mailings.

A task force studied the problem. Cost and statistical data were computed; equipment was tested; solutions to similar problems in government and industry were observed. A system is designed -- the concepts are approved. The preliminary report of findings and recommendations has been completed.

The proposed system provides: one-day service on changes; one record per name -- regardless of the number of lists the name is on; capability to generate lists for special uses from names on existing lists; one contact per name to circularize lists; availability of lists and names on a Department basis. It appears that these advantages will be obtained -- and, the cost will be reduced, too.

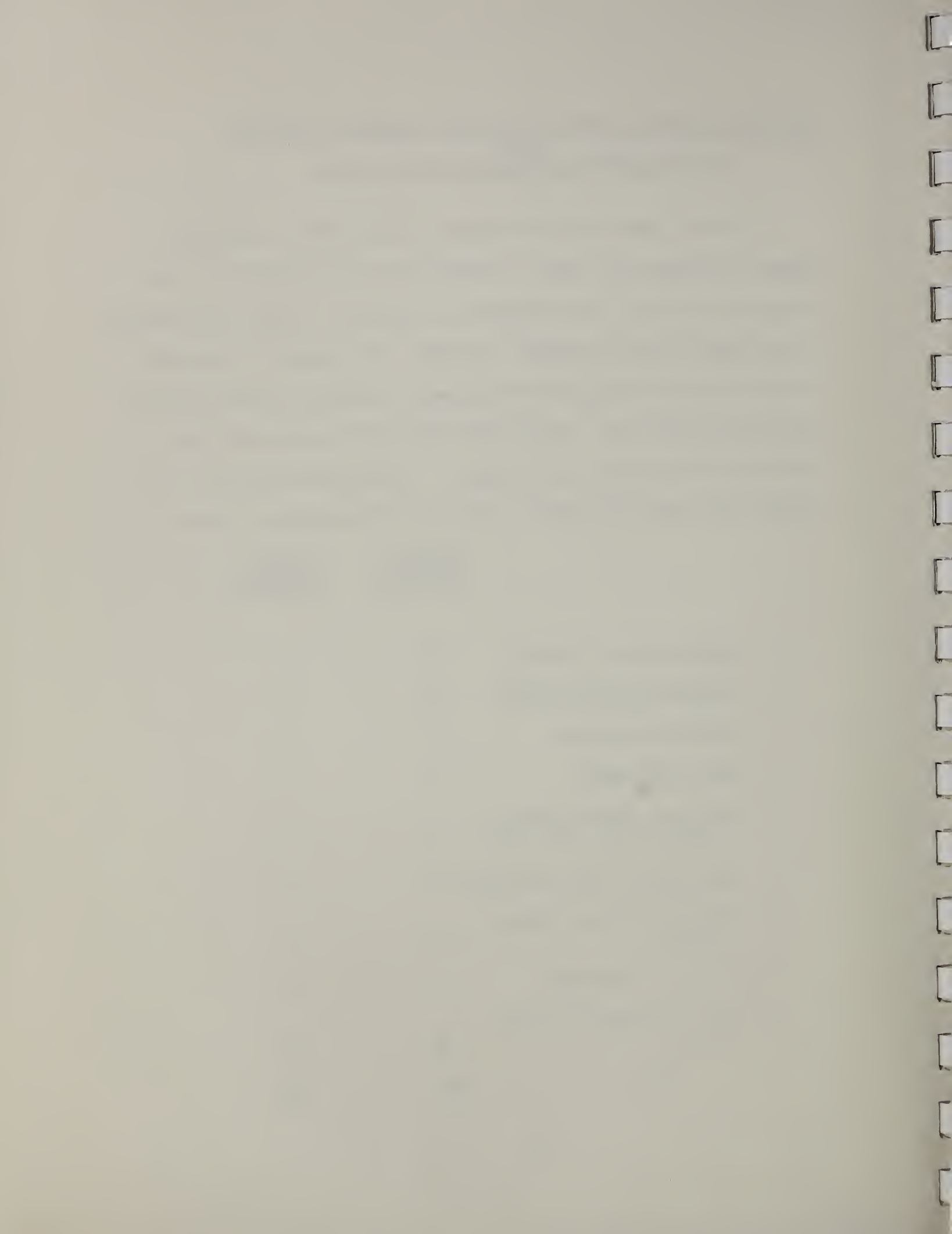
The final report -- including firm cost calculations -- is scheduled for release in the latter part of November 1962.



PROJECTS TO INCREASE EFFECTIVENESS AND ACCOMPLISH ECONOMIES  
AND  
THE MANAGEMENT IMPROVEMENT PROJECT SYSTEM

A special Department-wide program was initiated by Secretary Freeman on November 21, 1961 to increase the effectiveness of, and accomplish economies in our Department operations. Under the direction of the Administrative Assistant Secretary, this program is directed toward the identification and development of specific plans to accomplish these objectives. Every organization in the Department is actively participating in the program. The following shows by category the number of projects initiated and completed to date:

	<u>Projects Initiated</u>	<u>Projects Completed</u>
1. Improvement of services	31	7
2. Program direction change	27	5
3. Systems development	65	5
4. Work programming	25	2
5. Personnel administration and manpower utilization	81	9
6. Organization and delegations	49	6
7. Communications and information	81	8
8. Financial management	40	9
9. Other management improvements	<u>85</u>	<u>9</u>
Total	<u><u>484</u></u>	<u><u>60</u></u>



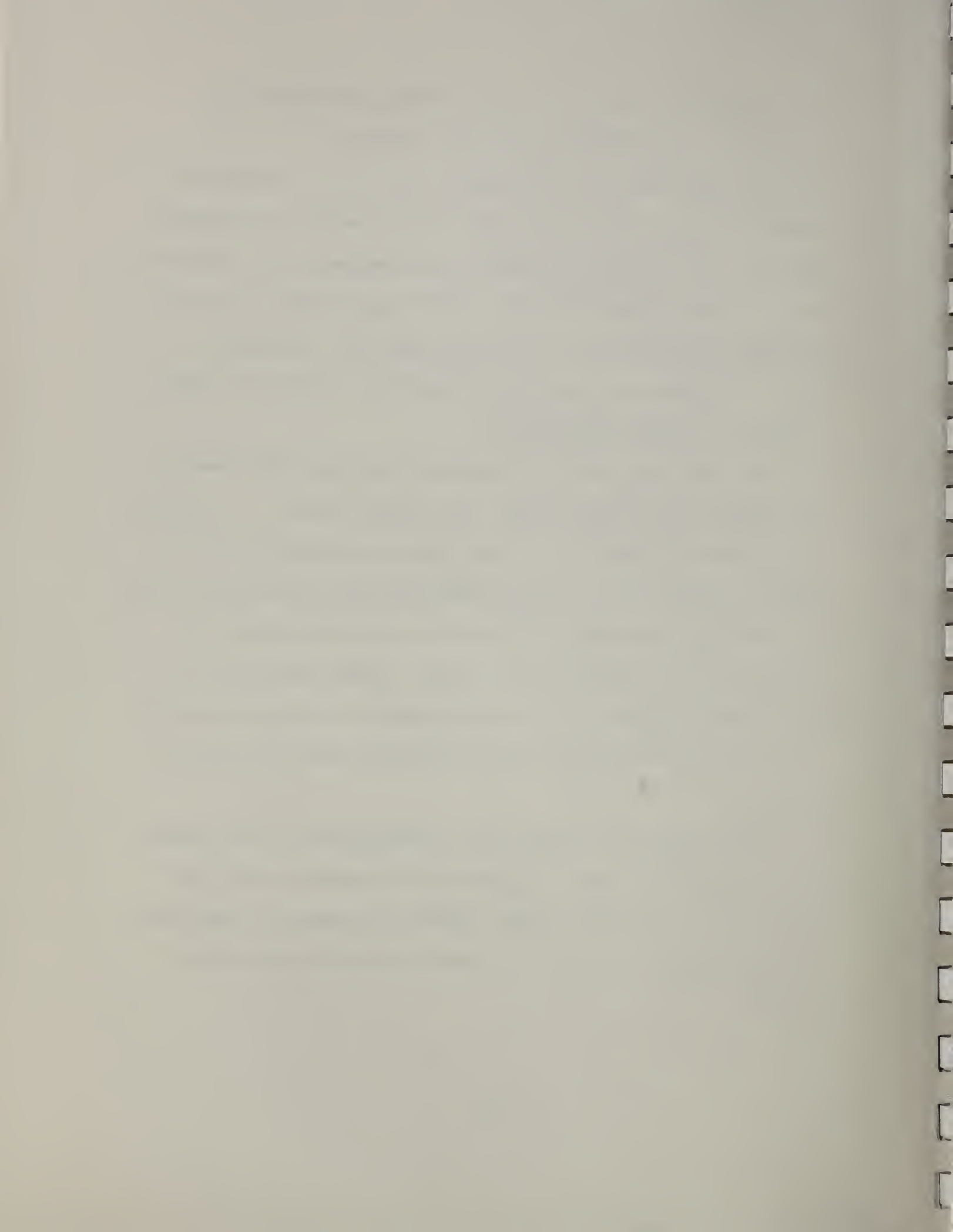


The projects with greatest potential savings and benefits in relation to cost are being given first priority.

The completion of the 60 projects shows that the program is moving. Some of these projects were in process when this program was initiated -- the major effect of this program is the contagious spirit of the self-help approach. While many of these long-range programs have significant improvement potential, the projects which the program will generate are expected to provide the major increase in savings and benefits.

The Department plans to initiate in September 1962 a Management Improvement Project System. All present projects -- including those previously identified -- and future projects within the Department will be placed in this compilation under central direction. The Office of Management Appraisal and Systems Development will function as the project control center. Through coordination of effort, the Department will conserve manpower by eliminating duplicate studies and will focus effort on projects with the greatest potential.

This system will provide for the dissemination of information. The findings and results of studies will be appraised and wider application will be encouraged. Reports of progress or status will be distributed to stimulate new ideas and to facilitate further studies.



Each project will be evaluated. Priorities will be established, completion dates will be set, the specific responsibility will be assigned for Department projects and those pertaining to more than one organization. Intensive effort will be directed to those projects which offer significant reductions in current costs and more effective use of manpower.

The primary objective of this program will be to secure maximum productivity and efficiency, eliminate overlapping and duplication, evaluate program effectiveness, seek new and better methods of conducting operations, improve services, and reduce expenditures.



## EVALUATION OF THE FARMER-COMMITTEE SYSTEM

On June 13, 1962, a committee was appointed by the Secretary to review and evaluate the farmer-committee system. It is composed of nine outside experts in agriculture and public administration. They have broadly diversified backgrounds in agriculture and represent major farm groups and regional farming areas.

The group has taken prompt action to make an intensive, detailed survey of the farmer-committee system, especially the selection process of the elected and appointed personnel, and the roles performed by local and state personnel responsible for farm programs administration.

They have reviewed all available written records on the farmer-committee system and have interviewed representatives of all major farm organizations, agricultural political scientists and economists, state government officials, State Extension Directors, cooperative and Soil Conservation district leaders and many farmers.

The committee has interviewed state, county and community committeemen, full-time Agricultural Stabilization and Conservation Service employees in state and county offices, and county agents. They are now analyzing more than 450 questionnaires from county Agricultural Stabilization and Conservation committee chairmen.

The progress of this intensive review has been most encouraging, and the many constructive suggestions for improvements in the administration of farm programs are being given careful consideration by the group.





## THE ZERO-BASE BUDGET -- A NEW APPROACH

As a direct result of the implementation of Secretary Freeman's objective of keeping employment and other costs to the minimum needed for the efficient and economical administration of essential agricultural programs and activities, the Department has instituted a new basis for consideration of budgetary needs for fiscal year 1964. The new concept, referred to as "zero-base" budgeting, is designed to facilitate a thorough, from-the-ground-up, analysis of the Department's total work program. In the past, budgetary review has tended to focus too largely on proposed changes from the previous year, and not enough on the total resources available and their most efficient use.

In developing the Department's 1964 budget, a tough-minded realistic appraisal will be made of requirements, of work priorities, and of the most effective use of personnel and other resources. Only necessary work will be carried out, and this to be accomplished with a minimum of funds and employees.



## INCREASE IN PRODUCTIVITY

### Poultry Inspection Services

The Agricultural Marketing Service made an outstanding improvement in its poultry inspection functions through effective work programming. In 1961 productivity per inspector increased 8% over the previous year -- with approximately 400,000 pounds more poultry inspected per man-year.

Inspection of poultry moving in interstate or foreign commerce is required by the Poultry Inspection Act. These inspections are designed to prevent the movement of unwholesome, adulterated, and unfit poultry or poultry products.

Poultry is processed at approximately 900 plants in approximately 650 towns and cities with many plants operating on a part-time or intermittent basis. Careful work programming is required to assure that inspectors are at the right places at the right time and are fully utilized.

This work programming -- with the increased productivity -- has been made possible largely by obtaining and using advanced planning information. Information is obtained on quantities of eggs used for hatching, placement of young chicks for feeding, and other aspects of the poultry production process. This information is evaluated and estimates are made of movements of poultry to processing plants. Accurate schedules can then be made as to where and when inspectors



will be needed. This improved synchronization of poultry processing and inspector assignments increased productivity by 8% in one year.

Other steps have also been taken to increase utilization of manpower. For example, local veterinarians have been appointed on a "when-actually-employed" basis to meet peak periods. These actions have reduced the amount of standby time required of veterinarians employed on a fulltime or other basis.

The amount of poultry inspected per man-year in 1962 increased over 13% compared with 1960. Pounds of live weight poultry requiring inspection increased over 27% in this two-year period -- with only a 13.5% increase in total man-years. Much of this increased productivity was due to careful work programming.

The following table shows data for the years 1960, 1961 and 1962:

<u>Fiscal Year</u>	<u>Pounds Inspected (million live weight)</u>	<u>Man-years</u>	<u>Pounds Inspected per Man-year (thousands)</u>
1960	6,973	1,534.0	4,546
1961	8,236	1,681.1	4,899
	(18.1%)	(9.6%)	(7.7%)
1962	9,024	1,746.8	5,166
	(27.7%)	(13.5%)	(13.2%)

(The percentage figures show change from the 1960 base period)

#### ASCS County Offices

The workload of Agricultural Stabilization and Conservation Service County offices has increased 82% in the last two years. This has been due largely to the addition of new feed grain and wheat programs.





Individual productivity -- the average amount of work handled by each of these county employees and committeemen -- increased 43% over this two-year span. As a result, the total man-years required (29,120) was still under the 1958 total of 31,059.

The workload in the county offices is based on total work performed -- with weights given to the estimated time required for the various operations. These data are very useful and are used by management for budget allocation and other purposes.

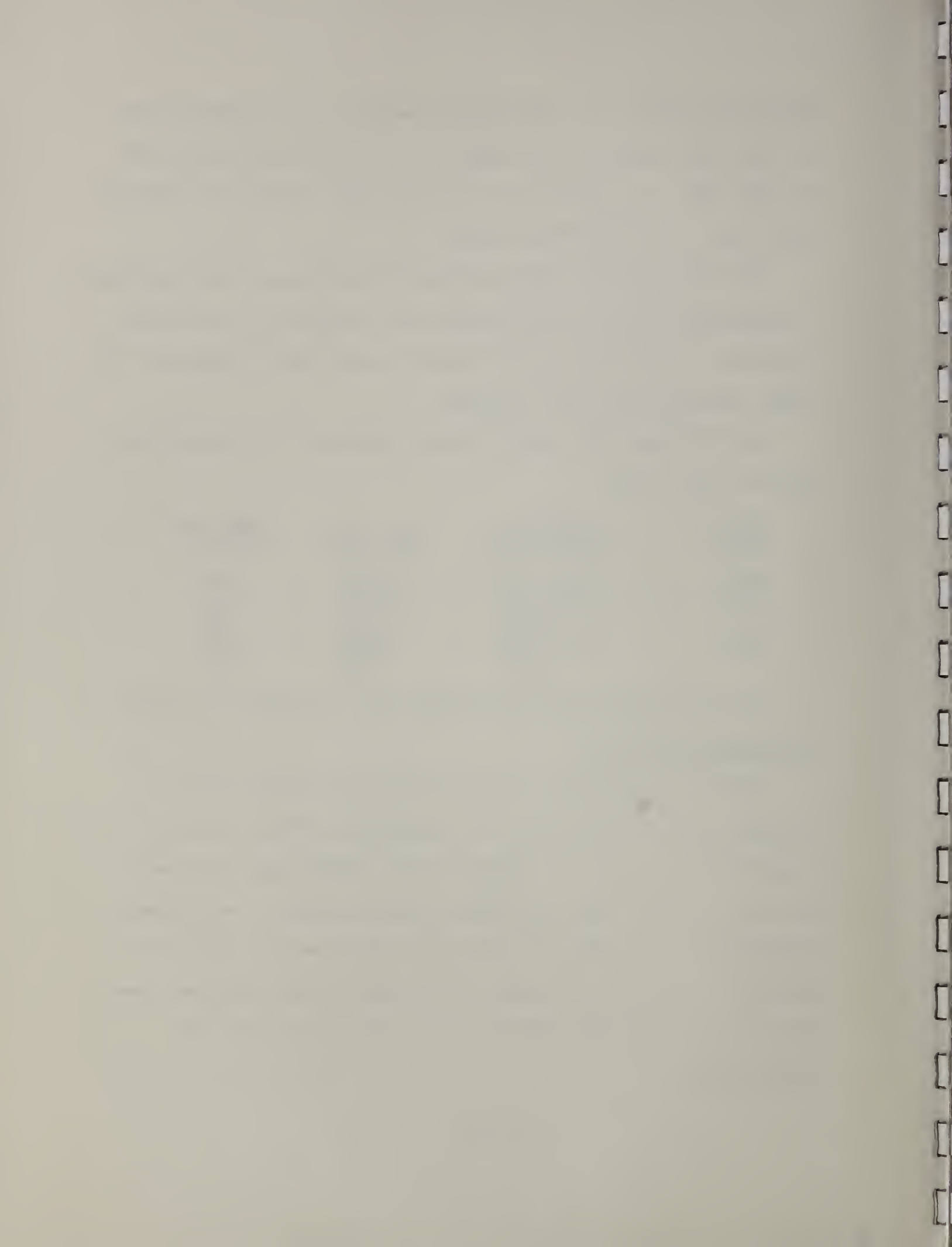
The following table shows workload, employment, and productivity data for this period:

<u>Fiscal Year</u>	<u>Units of Productivity</u>	<u>Man-years</u>	<u>Units per Man-year</u>
1960	46,070,399	22,808	2,020
1961	55,496,344	25,848	2,147
	(20%)	(13%)	(6%)
1962	84,011,360	29,120	2,885
	(82%)	(28%)	(43%)

(The percentage figures show change from the 1960 base period.)

#### ASCS Commodity Offices

Based on measured workload and production, the Agricultural Stabilization and Conservation Service Commodity offices performed significantly more work per man-year in the fiscal year 1962 than in any previous year. During May these offices operated at an increased efficiency of 17% compared to the goals established for fiscal year 1962, with a cumulative increase of efficiency during the fiscal year 1962 of 14%. The goals established for 1962 were based on 1961 accomplishments.



### New Loans Processed - Farmers Home Administration

The total number of new loans processed and approved increased 36% in 1962 over 1960. This was accomplished with 70 more personnel -- a 1.3% increase. The overall number of loans processed annually per employee rose from 16.9 in 1960 to 22.7 in 1962 -- a 34% increase. This is in addition to work on supervising, collecting, and servicing loans made in previous years. All loans require technical advice on farm management and financial matters. Largest increases have been in the Farm Ownership, and Soil and Water Conservation loans -- which involve more work than Farm Operating loans.

The table below shows data for the 1960 - 1962 period. Workload figures for the agency as a whole show an increase in overall agency productivity.

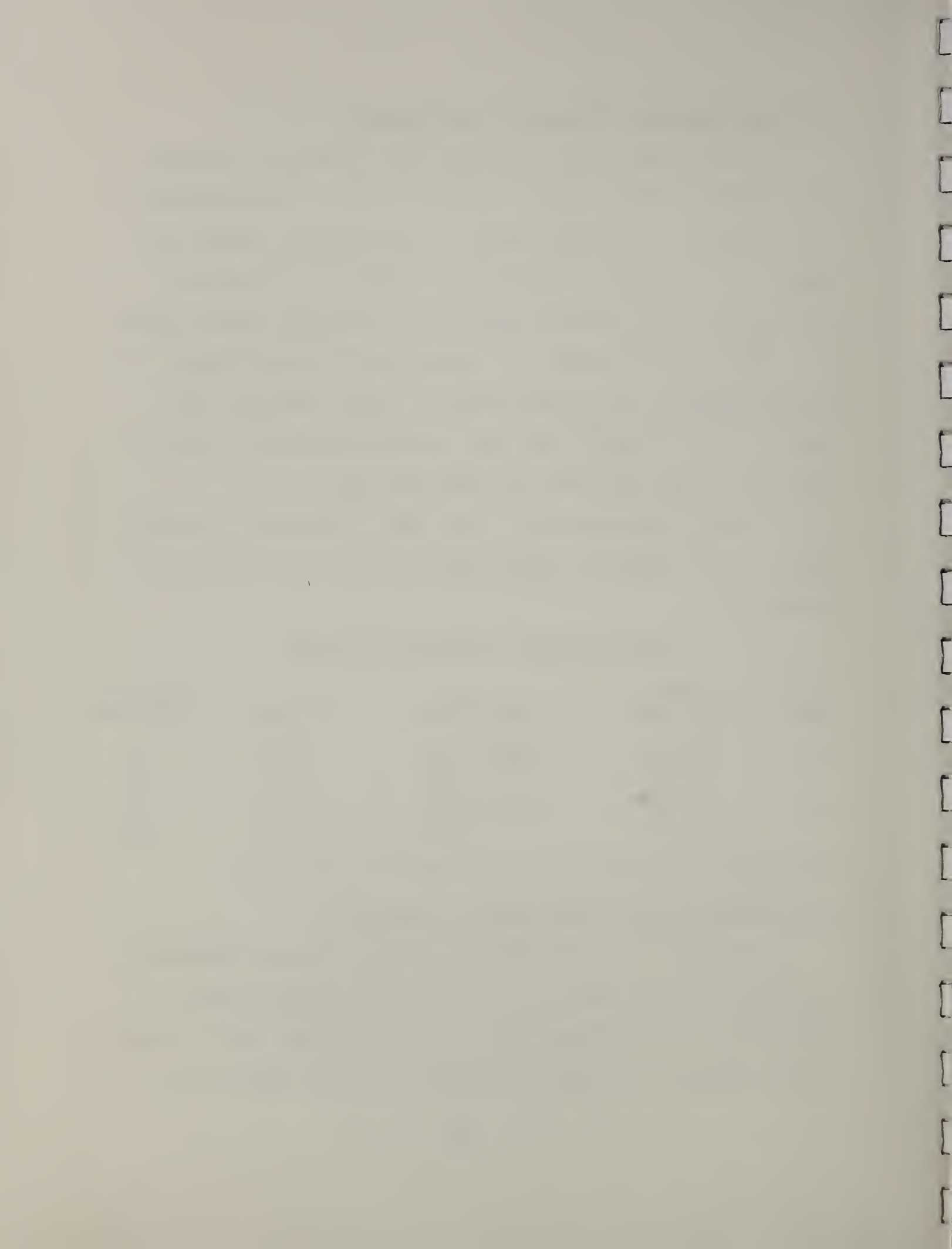
#### Total New Loans Processed and Approved

<u>Fiscal Year</u>	<u>Total New Loans</u>	<u>Loan Value</u>	<u>Man-years</u>	<u>New Loans per Man-year</u>
1960	87,951	\$308,871,811	5,205	16.9
1961	96,741	\$395,684,000	5,090	19.0
	(10%)	(28%)	(-2%)	(12%)
1962	119,792	\$637,000,000	5,275	22.7
	(36%)	(106%)	(1%)	(34%)

(Percentage figures show change from 1960 base period)

### Crops Insured - Federal Crop Insurance Corporation

The number of crops insured by the Federal Insurance Corporation in 1962 was 10% more than in the 1960 crop year. Insured value of crops rose by 39% in the same period. The productivity index -- number of crops insured per man-year -- dropped in 1961 over 1960 but was



offset in 1962 -- with a 4% increase over 1961.

In addition to increased productivity, the amount and quality of insurance service to the farmers has been improved. The insurance offer was revised to bring it more in line with current production costs. This increase in value of the insurance offer was accomplished through program improvements with nominal increases in rates.

The following table shows productivity data for the 1960-1962 period. Crops insured are on a crop-year basis; man-years are on a fiscal-year basis.

<u>Fiscal Year</u>	<u>No. of Crops Insured</u>	<u>Insured Value of Crops (millions)</u>	<u>Man-years</u>	<u>No. of Crops per Man-year</u>
1960	330,448	\$265.9	689	480
1961	320,292	\$271.3	696	460
	(-3%)	(2%)	(1%)	(-4%)
1962	364,000	\$370.0	758	480
	(10%)	(39%)	(10%)	(0%)

(The percentage figures show change from the 1960 base period.)

#### Soil Surveys - Soil Conservation Service

One of the most important programs carried out by the Soil Conservation Service is the Soil Survey Program. The Department of Agriculture has government-wide responsibility for leadership in this program in cooperation with other Federal, state, and local agencies.

The number of acres surveyed increased 16% in 1962 over the 1960 base period. The per acre cost was reduced 2% in this period while productivity per man-year increased 8.2%. The estimated dollar savings in 1962, compared with 1960 costs, amount to \$278,400 -- equal to costs





of mapping over a million acres.

The following table shows workload and cost data for this period:

<u>Fiscal Year</u>	<u>Total Acres Mapped</u>	<u>Man-years</u>	<u>Total Cost (millions)</u>	<u>Cost per Acre (Cents)</u>	<u>Acres per Man-year</u>
1960	50,159,493	1791	\$13.4	26.77	28,006
1961	55,750,872	1834	\$14.96	26.83	30,399
	(11%)	(2%)	(12%)	(.2%)	(8.5%)
1962	58,000,000	1914	\$15.25	26.29	30,303
(estimated)	(16%)	(7%)	(14%)	(-2%)	(8.2%)

(The percentage figures show change from the 1960 base period)



## REORGANIZING FOR BETTER SERVICE

### Coordination of Economic Research and Statistical Reporting

In the early part of 1961, the economic research and the statistical analysis and reporting activities were organized into two new agencies -- Economic Research Service (ERS) and Statistical Reporting Service (SRS). By bringing these functions together and placing them under a Director, Agricultural Economics, Secretary Freeman has achieved a high degree of coordination. A Staff Economist Group -- reporting to the Director -- was established to develop and coordinate analytical studies of current and proposed agricultural programs.

To develop more fully the possibilities to strengthen and coordinate economic research throughout the Department, further steps are being taken to reduce fragmentation and improve coordination of economic research. Study groups have been organized to appraise previous economic research and to deepen and advance current research as a tool for reaching decisions in the important fields of (a) supply of farm products, (b) rural areas development, (c) farmers' bargaining power, and (d) short and long-range economic projections. Besides their contributions to study group findings, individuals will be able to coordinate research efforts better in their respective divisions. Members of study groups are drawn from the various divisions of the Economic Research Service.



The major benefits obtained to date have been in the better organization of economic research for a concentrated attack on the major problems confronting American farmers and ranchers. Further reduction of fragmented research and improved quality and usefulness of research are the goals and are already evident. Substantial further improvements should be forthcoming.

With the reconstitution of the Statistical Reporting Service, leadership and attention is being given to improving the work in crop and livestock estimates. During the past year, as a result of increases in funds authorized by Congress, newer enumerative and measurement techniques have been placed in operation in association with the regular mail questionnaire in several states for leading commodities. It is expected that these improvements will be extended to other states this year and in subsequent years until the entire nation is covered. The results, already evident, are an improved reporting function. Work under way in statistical research and in the increased use of automatic data processing indicates further opportunities for program improvement.

An innovation of this reorganization was the establishment of a Management Operations Staff -- reporting to the Director -- to provide centralized managerial staff services to both agencies. This experiment in administration has achieved greater economy and efficiency in administration. This centralization: (1) reduced overhead costs for administrative support over \$200,000 per year as compared with





the estimated costs if separate staffs had been established in each of the two services; (2) permitted agency administrators and their division staffs to spend more time on program work; and (3) provided a concentrated attack upon management problems. The \$200,000 cost reduction paid for the new Staff Economist Group and other program costs.

#### A Coordinated Effort to Improve Rural Life in America

The Department has taken several important actions -- both in the headquarters and the field -- to improve the effectiveness of its programs for bettering rural life in America. In addition to significant organizational changes, the objective of the program -- to help rural people help themselves -- has received increased attention, greater emphasis and a general reorientation.

The Office of Rural Areas Development was established in the Department to facilitate this program of helping to improve rural life. ORAD does this by coordinating and expediting the application and use of resources of all agencies in the Department, and elsewhere. The Office provides a single point for coordinating agricultural functions with the Department of Commerce in administering the Area Redevelopment Act.

At the local level, agricultural agencies are joined in Technical Panels of agricultural specialists. These panels provide a local point of contact and a packaged service for individuals or groups desiring help and assistance for rural development. An important



secondary benefit from the organization of these Technical Panels is the increased coordination and understanding of the program among the Department personnel on the panels -- which contributes to a more effective service.

In addition, field representatives of the Office of Rural Areas Development serve in a liaison capacity among the Department agencies, other Federal agencies, states, and local and private organizations. Much of their work is designed to stimulate and coordinate these groups to meet the objectives of this program more effectively. Also, most agencies in the Department have developed active aggressive programs in rural areas development.

The full accomplishment of this program can be reported when rural life in this country has the standard of living this country can provide. The organizational arrangements and the renewed vigor will do much to assist the Department in making its contribution to meeting this objective.

#### Improved Inventory Management

Steps have been taken by the Agricultural Stabilization and Conservation Service to consolidate all functions pertaining to warehouse approval, storage, management, and analysis of Commodity Credit Corporation inventories of commodities in commercial warehouses and fleet storage. A new division -- the Inventory Management Division was organized to handle these functions.



Managing CCC inventories requires constant attention to contracts, agreements, warehouse approval standards, and operating procedures for the proper storage and care of all commodities.

Responsibility for inventory management is now clearly fixed in one place -- the Inventory Management Division. New procedures have been developed, and information concerning CCC stocks is now being maintained in a uniform manner. This will enable the Division to serve operating divisions more effectively by having available uniform data relative to age, condition, availability, and other factors needed to efficiently administer commodity programs.

The new division assures CCC that personnel skilled and experienced in inventory management are devoting full time to the management and control of commodities stored in commercial warehouses and fleets.

#### Improvement of Soil and Water Conservation Research

Significant savings have been accomplished by the Agricultural Research Service through reorganization of the soil and water conservation research program on a physiographic area basis. These program entities encompass all ARS soil and water conservation research functions conducted throughout the 50 states. The revised organization also provides for specialized technical competence as well as overall administration at the national level. This has strengthened planning, development, and evaluation of the program on a national basis. These changes have resulted in:





- a. Improved supervision and closer integration of research objectives at all levels.
- b. Improved administration of programs conducted in cooperation with other public agencies.
- c. Reassignment of responsibility for liaison with the Soil Conservation Service at the national, regional, state and local levels. Liaison positions were abolished -- responsibility was assigned to line personnel. This has permitted the elimination of four positions formerly paid one-half time by ARS and one-half time by SCS. The savings of \$59,000 annually have been used to employ needed soil scientists.
- d. Consolidation of three small research locations to obtain more effective research through a team approach -- and better utilization of equipment. The savings of \$43,000 in 1962 were used to strengthen high priority research at larger stations.



EFFICIENCY - SAVINGS - BETTER SERVICE

THROUGH

NEW SYSTEMS, METHODS AND PROCEDURES

New Reports Systems - Improve Management - Save \$900,000 Annually

The Soil Conservation Service has made significant strides since 1960 in achieving more efficient production from its technical staff through the use of automatic data processing in its timekeeping and progress reporting systems.

A new timekeeping procedure has cut man-hours in reporting time from an estimated 294,000 to 141,000 hours per year and represents a net savings of \$400,000 in time--time that is being converted from report writing to more useful purposes such as field work.

Similar results were achieved in automating the progress reporting system. A total of nine different national reports and more than 40 monthly or quarterly State reports were eliminated. The diversion of time from progress reporting to more useful technical work is worth an estimated \$500,000 a year.

These moves have freed fieldmen from the burdensome, time-consuming report preparation and have enabled them to increase time for service to farmers and ranchers. About 85 percent of the total funds appropriated for SCS programs of technical assistance to soil conservation districts is spent for personnel. Therefore, even a small increase in the efficiency of the work force is reflected in more conservation work accomplished per dollar spent.



Although the shift to automatic data processing has resulted in fewer man-hours spent in filling out time and progress report forms, it has not cut down the necessary flow of progress information to supervisors and managers. In fact, the new system supplies more useful information more rapidly than under the older method of operation. Under the new system, area conservationists--the SCS first-line supervisors--receive copies of reports every two weeks with data on time spent and work accomplished. Formerly this type of information was not available to the area conservationists on a regular basis. The data are summarized quarterly at the Department's Data Processing Center in New Orleans for further evaluation by State and Washington management leaders. Formerly this report was available only on an annual basis.

Management uses of the new system's products include:

1. For the first time, the area conservationist gets a report every other Monday morning that tells him for each man and each work unit--how much time is being spent on the various activities (convertible into dollars if necessary), and what results have accumulated during the previous two weeks.
2. For the first time in the SCS it now is possible to develop cost-based budgets as required by the Bureau of the Budget. Accurate personnel costs of activities (such as soil surveys, planning, application) are available. Costs by fiscal year are available and can be used in comparing progress when presenting each year's budget.





3. The new system provides more accurate data and a greater variety of data that can be summarized every 6 or 12 months and reviewed by area, State, and the Washington offices to detect operating trends - determine units not producing as expected - locate units deserving recognition for outstanding productivity.

Besides studying how best to use current and summarized data, the service is studying the system itself to find any unnecessary data now being collected - kinds of needed data not now being collected - other ways to simplify and improve the entire system.

Since the reporting system does not specifically accumulate costs in detail (such as cost per mile of terrace, or per cubic yard of concrete) a cost-finding system is being developed and is already in use. Under this new system, the Soil Conservation Service can find the cost of any segment of any operation--from processing a voucher to various phases or parts of a sizeable dam. This cost-finding system based on sampling is far less expensive and cumbersome to operate than a complete, detailed cost accounting system. Combined with the time and progress reporting systems, the cost-finding system provides adequate data for guidance of management.

#### Use of Aerial Photography and Improved Measurement Practices

The cost of measurements for compliance, a major expense in Agricultural Stabilization and Conservation Service, in the administration of supply adjustment and agricultural conservation



programs, have been reduced through improved methods in the use of aerial photography, and improved measurement practices in field operations.

New specifications for awarding contracts for aerial photography will result in improvement in quality and in more timely completion of the work. The specifications (1) reduce the amount of work in policing contractors, (2) assure that photographs taken on successive flights cover identical areas, and (3) upgrade quality of cameras used through National Bureau of Standards inspection.

Field costs have been reduced considerably through the utilization of 7½ minute topographic sheets and a 10 percent scale check to establish scale accuracy of photography. In addition, improved engineering and inspection procedures have been initiated in the laboratories, resulting in the waiving of field check requirements in a number of counties. This eliminates the necessity of checking scale accuracy by ground lines. These changes result in savings of \$150,000 to \$200,000 a year.

Costs of field operations in many states have been reduced through a change in the method of paying reporters from a daily rate to a unit rate. Encouragement has been given to premeasurement and measurement prior to adjustment. This is a service to the farmer and is paid for by the farmer. Savings from these practices are estimated at \$500,000 annually.

#### Improved Method in Sale of Corn

Since October 1, 1961, Agricultural Stabilization and Conservation



Service has saved \$1,120,000.00 through a revision of the method of selling corn.

The agency developed a method for the sale of trade corn on a "round lot" basis directly to users when large quantities are involved. Sales are made on a 50,000 bushel basis (approximately 25 cars) to be delivered at a later date. This has reduced the tremendous amount of paperwork and communications involved in sales on an individual-car basis.

Under the new procedure bids are published and the sales contract awarded to the highest bidder. As cars arrive at inspection points they are applied against the sales contract and reconsigned to the buyer. This eliminates (1) the cost of the Commission Agent, (2) the placing of cars on a bid list, (3) the confirmation of sale which was required on an individual-car-sale basis, (4) demurrage charges incurred under the prior system, and (5) considerable overtime by personnel in the Evanston Commodity Office.

Of the approximately 450 million bushels of corn sold in the Evanston Commodity Office between October 1961 and April 1962, 76 million bushels, or approximately 40,000 cars, were applied against these "round lot" sales. As a result of this system, approximately \$1,000,000 was saved in Commission charges, \$80,000 in publishing and confirming bids, \$37,000 in demurrage charges, and \$3,000 in overtime.

#### Increased Effectiveness of Insect and Disease Control

New methods have been developed by the Forest Service for increasing





the effectiveness of insect control work--at less cost. These new methods include (1) aerial reconnaissance during winter months to detect Englemann spruce beetle outbreaks, (2) special methods of applying malathion for suppressing lodgepole needle miners, and (3) the use of lindane in place of ethylene dibromide to suppress bark beetles. The annual cost reduction of \$150,000--about 22 man-years--realized as a result of adopting these improved methods makes possible the control of insect infestation on an additional 7,500 acres.

Antibiotic fungicides have been discovered and developed for controlling blister rust in the Northern Rocky Mountain Region. This development has reduced costs about 50 percent, or 50 cents per thousand board feet. Use of these antibiotics will bring additional thousands of acres of white pine into productivity--acres not previously included in the control program. Rust hazards were either too high, or the values represented did not warrant the higher costs of previous control methods. The new technique will permit treatment of an additional 50,000 acres of white pine stands without increased costs.

#### Improved Methods for Seeding Forest and Range Land

As a result of a recent break-through the Forest Service has increased its use of the direct seeding method for planting trees. The success of direct seeding is due in part to the development of effective inexpensive techniques for coating seed with bird and rodent repellent. Direct seeding costs about \$13 per acre compared with normal planting methods which run as high as \$45 per acre--a manpower saving



of approximately two man-days per acre.

The number of acres seeded increased markedly in 1961 over 1960, resulting in lowering of overall per acre cost from \$38.99 to \$34.38--a 12% reduction. Savings in 1962 fiscal year will enable planting of an estimated 20,000 acres more than the 102,500 initially planned. During the next five years an estimated 570,000 acres--30% of the reforestation program in National Forests--will be handled by direct seeding. It is estimated that savings resulting from this method will permit \$6 million more reforestation than could be done by use of conventional planting methods.

The following table gives production and cost data in 1960 and 1961 for planting supported by appropriated funds:

	<u>1960</u>	<u>1961</u>
Acres Planted	43,036	69,838
Acres Seeded	<u>4,889</u>	<u>18,385</u>
Total Reforestation	47,925	88,223
Total Cost	\$1,868,510	\$3,032,907
Per Acre Cost	\$38.99	\$34.38

Improved methods for range seeding have also been developed which reduce per acre costs of seeding by approximately 50%--mostly manpower--and at the same time lower the risk of failure. The use of herbicides for weed control has greatly aided in range seeding by killing weeds, thus reducing competition for the grass. Better methods of machine treatment have also resulted in savings. The estimated saving resulting from range seeding improvements will permit the seeding of an additional 1,600,000 acres.



These techniques have been made available to other Federal agencies, the states, and private landowners through state foresters.

#### Improvements in Research Systems and Procedures

The Cooperative State Experiment Station Service has been studying ways to improve regional research efforts and has taken steps to increase their effectiveness. A study of procedures used in the Regional Research Programs was conducted for the CSESS by the Director of the Pennsylvania Experiment Station. As a result of this study, the CSESS and the Committee of Nine (which makes recommendations to the Secretary of Agriculture on regional research projects) have taken steps to improve and simplify procedures. One important improvement was the adoption of a new procedure for project outline development. This calls for eliminating contributing project outlines as separate documents. Working from this common outline, the participating states will need to prepare only the statement of procedures for their area of responsibility. Thus the regional research program will be reduced to 197 project outlines--from nearly 3,500 contributing project outlines--and better orientation and coordination of regional research will result.

#### New Classification System for Federal-Grant Projects

A new classification system was developed by the Cooperative State Experiment Station Service to classify abstracts of Federal research projects. This has greatly aided the process of filing and locating abstracts of research projects--an important tool to prevent duplication





and assure coordination of research effort. The system provides an Index which classifies research into broad program areas--with further breakdown as required. The Index is also being used to classify all non-Federal research projects that will be added to the catalogue of Federal-grant projects. Special attention and emphasis was given in developing the system to provide for uniformity, simplicity, elimination of extensive cross referencing, compatability with other systems and mechanical information retrieval, and later expansion.

A new system of cataloging current Federal-grant research projects in abstract form was devised by CSESS and made available to the state experiment stations in November 1961. This system is designed to meet a twofold need--preventing duplication in research efforts, and assuring coordination through the broadest possible knowledge of projects currently under research. The system involves the preparation of a brief abstract for each research project. The abstract includes the title, objectives, and description of work, together with the project number, classification, and the state conducting the research. Copies of each abstract (5X8 cards) are sent to all 53 State agricultural experiment stations including Puerto Rico. Copies are also furnished to the Science Information Exchange for the use of scientists and administrators throughout the Nation. This system provides the keystone for effective research planning and coordination. Work is underway to extend this system to include non-Federally supported research projects conducted at the state experiment stations.





### Road Design by Automatic Data Processing

Road design work, by using ADP, is done on 4,000 miles annually, by the Forest Service. By using ADP, several design trials can be made at a minimum cost. Conventional methods would require complete redesign of alternatives for comparison purposes. The cost of design work with ADP equipment is \$45 per mile, or 15% less than conventional methods, and results in more efficient design. It also develops a reduction in actual survey and construction costs of about 10%. In fiscal year 1962, 1,950 additional miles of road were handled on ADP at a savings of \$87,750.

### Improved Methods in Statistical Reporting

The methods and techniques used by the Statistical Reporting Service to gather, analyze, and disseminate information are being improved, and a concentrated effort has been underway to improve speed and effectiveness through the use of automatic data processing.

In June 1961 the area-type enumerative survey program became operational in 15 states. During the period from May 27 to June 10, 1961, crop and livestock information was gathered from about 15,000 farms. The data were summarized and punched into 69,000 cards. Using an electronic computer, information on the pig crop was processed first, and the information was available to the Crop Reporting Board in preparing its estimates released on June 21, 1961. The field crop and other livestock information was then processed by the computer and ready for use by the Board on about June 30. The computer was also used to compute sampling errors, enabling a measure of the accuracy of the survey that would not



otherwise have been obtainable.

In the fall of 1961, objective yield surveys were conducted before harvest to estimate the yield of corn and cotton. In each of 2,800 corn fields and 2,300 cotton fields in the South and Midwest, two small plots were laid out about the first of August. Counts of plants and fruits were then made at monthly intervals during the growing season; from these counts, yields were computed. This new estimating technique depends on judgment appraisals and increases the reliability and quality of estimates.

The crop and livestock estimating activities are among the many programs conducted by the Department in cooperation with state agencies. New agreements have been negotiated with most of the 43 states where cooperative Federal-State crop and livestock reporting programs are in effect. The new agreements, except for minor variations due to some state legislative restrictions, have uniform provisions with regard to Federal and state programs and administrative responsibilities, employment, employee benefits, funds, or other items. This desirable uniformity contributes significantly to improved administration and mutual understanding of the crop and livestock reporting programs.

#### Streamlining Operations

Intensive efforts have been underway for the past 18 months to streamline and improve administrative processes in Federal Extension Service operations. The first phase, that of consolidation of projects, has been completed. The number of projects in each state had



ranged from 15 - 40--there are now 8 per state. Overall, there has been a reduction from 1,200 to 400 project agreements--a net reduction of 800.

These savings are multiplied by the fact that work plans, budgets, accounts, and reports, are administered on a project basis. In addition to the actual reduction of paperwork, revised procedures will make the various documents easier to prepare and maintain, and make them more useful for public reporting and general program management.

The reduction of time and effort in the preparation of the documents and of paperwork in maintaining feeder information needed for inclusion in the reports permits agents, particularly at the county level, to devote a greater portion of time to planning and administering program operations. One important timesaver has been the elimination of county annual reports direct to the Federal Extension Service, the result--more time for educational and demonstrational assistance to local people by existing staff.

#### Improvement in Reporting Market Information

The Commodity Exchange Authority has improved its statistical service to the public by simplifying and shortening its regulations for obtaining futures market data and by reporting more significant information on more markets and commodities without increasing the overall amount of material issued.

By reorganizing and rewriting the regulations followed by commodity brokers and traders who report data on futures transactions in





18 different commodities, the reporting regulations were reduced from 50 printed pages to 10.

By carefully editing and reviewing the use of two monthly reports, Trade in Grain Futures and Trade in Cotton Futures, the content was reduced by more than one-third. Two "market composition" reports covering five commodities were extended to cover 13, providing basic information on the composition of the futures markets for all leading commodities.

#### Improved Service to U.S. Exporters

Major improvements have been made by the Foreign Agricultural Service in the reproduction and distribution to the export trade of some 6000 foreign field economic intelligence and market situation reports received annually through the world-wide attache service. These reports formerly were received, reproduced, and distributed by the State Department. It is estimated that processing and distribution of these reports has been reduced by about four weeks as a result of the installation of special equipment in FAS.

Another important step has been taken to speed up information services to U. S. exporters. FAS has recently authorized expansion of Telex communication installations to include Tokyo and Hamburg. These facilities have been operating out of the Hague only. Telex communication enables FAS to exchange daily price and other data on selected commodities between principal foreign and U. S. markets.



PROGRAM DEVELOPMENTS

TO MEET

CURRENT NEEDS FOR AGRICULTURE SERVICES

Preparation of the First World Food Budget

This country has long shown a great concern for the hungry people of the world. President Kennedy stated that our agricultural abundance will be used to help the underprivileged of the world break the bonds of mass misery. With the most efficient agricultural plant in the world, we are faced with the paradox of having abundance and surplus while millions of people in friendly nations are undernourished. The problem is to associate our tremendous productive capacity more closely with the food needs of the world and seek ways in which our abundance can advance the cause of peace and freedom.

The first World Food Budget was prepared at the request of the Secretary by the Economic Research Service and published in October 1961 as the World Food Budget 1962 and 1966. This budget is the first comprehensive attempt to determine what and where the major food shortages are through a detailed study of world food production, trade, expected consumption, and the minimum level above expected consumption required to give people an adequate diet.

The Food Budget, (as it is further developed), becomes a powerful tool for planning by the United States to **carry its share** of meeting the world food deficit and for providing information to



evaluate commercial markets. It is a major reference work in policy and program planning for the Food for Peace Program, for sales and donation activities under Public Law 480, and for the development of foreign agricultural policy.

#### Improved Administration of Food Distribution Programs

President Kennedy's first Executive Order directed the use of the Nation's Agricultural abundance to improve the diets of school children and needy persons. During the period July 1961 to March 1962, over 1.5 billion pounds of food were donated to domestic outlets - an increase of 87% over the same period a year earlier. The types of commodities available were increased from 7 to 11 items and the number of needy persons participating in the program increased from 4.1 million in January 1961 to 7.4 million in March 1962. Also, five States, 449 counties and cities, and 4 Indian agencies were added to the program during this period.

This rapid expansion in the program required a comprehensive evaluation of operations by the Agricultural Marketing Service. Short and long-range objectives for program improvement were developed. Areas evaluated included criteria for determination of eligibility of needy persons; methods of making applications for commodities; verification of needs of applicants; minimum qualifications and requirements for distribution personnel; and records required at the local level. Procedural changes and other steps to attain these objectives are in the process of development and installation.





### Prevention of Market Abuses

Increased emphasis has been placed by the Commodity Exchange Authority on the prevention of marketing abuses, particularly price manipulation. In stepping up its preventive work, the Authority employs its system for obtaining daily reports on trading operations from exchange clearing members, commodity brokerage firms and large traders. These reports are audited and analyzed, and efforts are made to foresee the possibility of congested markets and price situations susceptible to manipulation. The Authority works directly with exchange officials, commodity firms and large traders to relieve pressures which might otherwise result in severe congestion and price manipulation. These measures promote orderly trading and price stability in the futures markets.

### Unanimous Acceptance of Universal Cotton Standards

The Universal Cotton Standards Conference approved adoption of revised cotton standards on May 25, 1962 -- the first major revision of the standards in 25 years. This had the unanimous support of all major groups concerned -- American producers, ginneries, manufacturers, shippers, exchanges, and foreign cotton exchanges and associations in countries that import substantial quantities of American upland cotton. This Conference was conducted by the Agricultural Marketing Service.

World trade has always been important to American agriculture. One of the important problems involved in the development of trade relations with other nations is the matter of universally accepted standards and grades for the various products involved.





This revision of the standards for 15 grades of White, Spotted, and Tinged cotton reflects current quality characteristics of United States cotton now being marketed. The revised standards will serve as a yardstick and common language for international and domestic trade for all handlers of United States upland cotton. The revised standards are expected to increase the use of our cotton by foreign countries and promote more efficient and orderly marketing of this commodity. These updated standards will enable cotton manufacturers in any country to state exactly what quality of cotton they want to buy and know that the seller understands their specifications.

#### Broadening the Scope of Service to Farmers

The Agricultural and Housing Acts of 1961 provided farmers and rural residents with new, broader, and greatly improved supervised credit services. Farmers Home Administration instructions for placing the new authorizations into effect to the fullest extent possible were made effective October 15, 1961. These new authorizations plus increased loan funds permitted FHA to make and insure \$637 million in loans in fiscal year 1962, 61 percent more than any other fiscal year. Approximately 205,000 families used FHA credit in fiscal 1962 -- 12 percent more than the previous year. Additional funds available for 1962 over 1961 included an increase from \$271,795,000 to \$329,500,000 for Farmers Home Administration loans made from direct appropriated funds. In addition, whereas there was only about \$27,000,000 available for insured farm ownership and soil



and water loans in 1961, the full authorized amount of \$150 million was used in 1962 because adequate loan funds on an insured basis were available from private lenders. These increases do not reflect funds made available under other programs for rural housing loans and emergency loans.

Farm Ownership Loans are made to enlarge, develop and buy farms not larger than family farms and to refinance debts. A total of 11,788 farm ownership loans (\$183 million) were made or insured in fiscal year 1962 compared with 3,971 farm ownership loans (\$57 million) made or insured the previous fiscal year. In 1962, private lenders advanced 77 percent of the funds loaned, under the FHA insured loan program.

The farm ownership loan program was broadened to include the full range of family farms. But the greatest factor in the program's expansion was the improvement made in the method of financing these loans on an insured basis.

"Rural Housing Loans" were authorized to owners of nonfarm tracts in rural areas and small rural communities of not more than 2,500 population. This broader authorization provided new opportunities to rural nonfarm families in the low and moderate income levels to acquire an adequate home. A total of 11,349 rural housing loans (\$96 million) were made in fiscal year 1962, to build or improve houses or service buildings on farms and in rural communities compared with 8,935 loans (\$70 million) made during fiscal 1961. Another



improvement has been the authorization to insure loans to finance housing for domestic farm labor.

The Operating Loan debt limit was increased to \$35,000 and has permitted FHA to assist additional families operating not larger than family farms who could not be served under the former \$20,000 limitation. The range of applicants served by the operating loan program has been further broadened to permit loans to families living on small farms. A total of 74,741 operating loans (\$275 million) were made to eligible applicants in the 1962 fiscal year, compared with 74,740 loans (\$232 million) made during fiscal 1961.

#### Better Insurance for the Farmer

Significant steps have been taken by the Federal Crop Insurance Corporation to extend the availability of crop insurance to the American farmer and to improve service and reduce costs in the administration of the program.

For several years the crop insurance program coverage has been at about the same level. In 1962 crop insurance was made available in 100 additional counties (the annual maximum permitted by legislation-- bringing the total to 999). A like expansion -- 100 counties -- is planned for 1963. In addition, insurance has been started on four new crops -- peanuts, peas, potatoes, and raisins. Study is currently underway on apples, cherries, and canning tomatoes, for possible inclusion in the 1963 expansion. There are 196 new programs in 1962 offering insurance on additional commodities in counties already





covered with certain commodities. It is estimated that 364,000 crops will be insured for the 1962 crop year compared with 320,292 for the 1961 crop year. The insured value of the crops has risen from \$271 million to \$370 million in the same period.

With this expansion major steps have been taken to improve insurance coverage and service. For instance, the amount of insurance offered was not abreast of the times. Rates and coverages were out of line with current cost of producing crops. The insurance offer has been revised to recognize present day costs of production, and better coverage has been provided with nominal increases in rates. The farmer is getting more insurance coverage for his money, and the insurance offered is more in line with modern farming requirements. Other improvements include a program for training sales and loss adjustment personnel. The language in policies has been simplified so that it can be more easily understood.

Improved organization structure and use of automatic data processing systems at the Data Processing Center will likewise increase program effectiveness and savings. Much of this was accomplished by the management appraisal of FCIC described elsewhere in this report. Other improvements, plus reductions of overhead costs through program expansion, will provide savings and benefits in the future.



### Improved Loan Security Requirements for Telephone Borrowers

Loan security requirements for telephone borrowers have been revised by the Rural Electrification Administration to place greater emphasis on local ownership and control of borrowers. Borrowers which are not locally owned and controlled are now required to provide initially a specified minimum level of net worth as evidence of interest and intent to provide adequate telephone service on a long-term basis.

The minimum initial requirement for such borrowers (10 or 20 percent, depending on the extent of absentee ownership and control) was developed after a comprehensive study and re-evaluation of the rural telephone program showed a definite trend away from the cooperatives and family-owned local enterprises which were characteristic of the earlier telephone borrowers.

Further studies showed that changes in the mortgage forms executed by telephone borrowers were needed to implement and reinforce the policy of encouraging the retention of control by local people. Appropriate requirements are now included in the mortgage which will result in more telephone loan funds going to enterprises controlled by local people who are more responsive to the needs of the area than absentee owners.

### Improvements in Power Supply Activities

Major steps have been taken by the Rural Electrification Administration to help electric borrowers. These are designed to



assure borrowers of an adequate and dependable supply of electric power under fair conditions and at costs that will permit them to meet the increasing power requirements of all consumers in their service areas.

An estimated 20 million farm and other rural consumers receive electric service from more than 1000 REA-financed systems. These systems have the continued responsibility of providing the power needed to meet the increasing requirements of these consumers. In 10 years the average annual consumption per consumer has more than doubled -- jumping from an average of 2,472 kilowatt hours in 1951 to 5,868 kilowatt hours in 1961.

Rural electric systems financed by REA generate only 16 percent of the wholesale power needed to meet the requirements of their consumers and depend on other power sources for the major share of their requirements. It is essential that the terms offered by these sources for wholesale power be on a fair basis consistent with the needs of the growth of borrowers' systems and the service requirements of all consumers.

A major step was taken on June 8, 1961, with the adoption of a third criterion to the conditions under which REA will make loans to finance the construction of generation and transmission facilities. This criterion states that the REA will make loans where they are "necessary to protect the security and effectiveness of REA-financed systems." Security in this sense means the ability





of REA borrowers to deliver power to their consumers most effectively and at the lowest possible cost. Dual rate and other restrictive provisions in wholesale power contracts with such suppliers made the third criterion necessary. (This new criterion is in addition to the traditional criteria which provide that REA will make "Generation" and "Transmission" loans where no adequate and dependable source of power is available to meet consumer needs, or where REA-financed facilities will result in lower power costs.)

A second major step in the power supply field was taken in August of 1961. The Power Supply Division was established to cope more effectively with the power supply problems of borrowers and to provide them with expert technical assistance in the highly complex field of generation and transmission. This new division concerns itself with all matters affecting the development of adequate and reasonably priced power supplies needed by rural electric systems to meet the existing and anticipated future requirements of their consumers.





